

spends it in a variety of different areas. The third largest chunk of money going out of the Federal Government right now goes to interest on the debt. Fourteen percent of our budget, or \$243 billion a year, is paid on interest on the debt.

What that means is that this money basically is not helping us do anything. It is not helping us cut taxes, it is not helping us cover social security or national defense or health care for seniors. It is simply going to service the debt we ran up over the course of the last 30 years.

If we can reduce this number we can do dramatically positive things for this country, either by reducing taxes or funding necessary programs. It is very important that in the next 10 years we do this, we start to reduce the debt, because the economy is strong now. We have an unemployment rate of 4.3 percent. We have record low inflation. Now is the time to pay down that debt.

A crisis will come. The economy cannot remain in boom times forever. When it does, we are going to need the resources to deal with that crisis. If we do not step up to the problem now, start paying down the debt during good times, we will be in horribly bad shape when the bad times come.

I rise with particular emphasis on this point as a Democrat because I think Democrats need to be for fiscal responsibility and emphasize that that is a cornerstone of our message, is to get the budget balanced, keep it that way, and pay down the debt. I think that is a very important principle for the Democratic Party to stand up for. I as a Democrat I am going to stand up for that. This will have dramatic effects on individual lives, as well.

Speakers who are going to follow me are going to talk a little bit about the positive effects of reducing interest rates on peoples' lives. If the government is not out there sucking up all of the money, that means that others, small businesses, farmers, individuals, people looking for student loans, home mortgages, will have access to that money and to borrow it at a better rate, because the government is not out there grabbing all of it. If the interest rates go down, that improves individual's lives in a wide variety of areas, some of which my colleagues will touch upon in a minute.

The bottom line point here is with the economy strong, with us headed in the right direction, finally, on fiscal responsibility, we need to stay with that discipline and get there, get the budget balanced, start paying down the debt so we can strengthen our entire economy, create more jobs, and create a better future for ourselves and for our children.

I strongly urge my colleagues today to maintain fiscal discipline and pay down the debt. That needs to be one of our number one priorities for the coming decade.

THE NEW DEMOCRATIC COALITION STANDS FOR FISCAL RESPONSIBILITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

Mr. SHERMAN. Mr. Speaker, the new Democratic coalition, several of my colleagues along with myself, have come to the floor to speak in favor of fiscal responsibility. We are faced with a philosophical and fiscal choice this year, and it is a wonderful choice to make. It is a choice on how we deal with a surplus.

I was a member of the Committee on the Budget, and in 1997 we came up with a plan to make sure that we eliminated the Federal deficit by the year 2002. Many scoffed that that plan, although it was adopted by this House, could not possibly achieve the objective by 2002. It is with some pride and some great hope that we are now, not in 2002 but 1999, wondering what to do with the Federal surplus. I believe we should continue the same fiscal policies that got us the surplus.

The choice before us is major across-the-board tax cuts that we cannot afford, or major Federal spending programs of tens of billions of dollars that we cannot afford, or alternatively, modest tax cuts and saving the lion's share of the surplus. It is that latter course, the course of fiscal responsibility, that is better not only for social security and Medicare but also for the business community, for middle-class families, and for the poor.

As a Democrat, many of my years were spent, and I got active in politics relatively early, focused on programs like the Great Society, programs designed to help the poor and the dispossessed, and make sure that we are brought together as one Nation.

But when I got to Congress we all focused on fiscal responsibility, not new government programs, as a way of achieving a great society. We were right to do so, because the greatest possible program for the poor is a national economy that is creating new jobs. What more proof do we need than just 2 days ago the announcement that Hispanic unemployment and African American unemployment reached the lowest levels in the history of those statistics being kept in America?

Lyndon Johnson would be proud, perhaps, that we achieved a goal that was always out of sight for the Great Society, but now is in sight for a fiscally responsible society. The best thing we can do for the poor is not necessarily a new Federal program, but it is keeping this Federal expansion going. Likewise, it is the best thing we can do for the business community and for middle-class families.

Yes, the business community likes and deserves and wants a tax cut. But today's market of, or nearly, a thou-

sand on the Dow was not achieved in the 1980s when we had huge tax cuts, most of them focused on the rich and the business community and the corporate sector.

We have achieved near record levels and record levels on Wall Street not because of the lowest possible taxes, but because of the most responsible Federal government we have seen in modern history. While Europe, each country in Europe, tends to run a deficit of two or three percent of its GDP, we in the United States have shown that democracy can go hand-in-hand with fiscal responsibility.

As for middle-class families, middle-class families deserve and need a tax cut. We voted for one in 1997, and I hope to provide targeted tax cuts for middle-class families and be part of providing that today.

As this chart illustrates, middle-class families will benefit just as much or more from a reduction in interest rates as they will from the tax cuts that are being proposed. This chart demonstrates that even with an average-priced home, and they are twice as expensive in my district, the savings is \$1,860 from a fiscally responsible budget.

WITH BIPARTISAN FISCAL RESPONSIBILITY ALL THINGS ARE POSSIBLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. SCARBOROUGH) is recognized for 5 minutes.

Mr. SCARBOROUGH. Mr. Speaker, I must tell the Members that I have been very encouraged by the last two speeches from our Democratic friends talking about the need for fiscal responsibility. I really do believe that despite the fact that the chattering classes on TV every night talk about how this Republican Party is getting brutalized by the polls in the area of public opinion, I have to tell the Members that I am very encouraged, because it appears that we have won the debate. To hear Democrats talking about fiscal responsibility in 1999, talking about the deficit, talking about staying away from tax increases, these are the very things that got me to Washington in 1994.

I remember back in 1993 when the new President, who was elected by promising to reduce the deficit by cutting spending and cutting middle class taxes, came forward and he increased taxes, and actually gave us one of the largest tax increases in the history of this country.

I ran because of that, and I have to tell the Members, when I ran in 1994 I talked about the deficit. I talked about the need of cutting the deficit, cutting spending, reducing the size of Washington, and creating an explosive economy that would lift all boats.

What happened? In 1994 when I came to town we had deficits approaching \$300 billion. Now, of course, we are moving towards a true surplus. In 1994 interest rates were about 3 percent higher. The last gentleman who spoke, who I agreed with, the last gentleman who spoke talked about how in 1997 they came up with a budget plan that would balance the budget by the year 2002.

Actually, I remember when we got here in 1994 and we were sworn in. In early 1995 the chairman of the Committee on the Budget, the gentleman from Ohio (Mr. JOHN KASICH) invited the Fed chairman Alan Greenspan to come and testify on Capitol Hill about the long-term effects of balancing the budget, under our plan of balancing it by 2002.

Alan Greenspan looked at the gentleman from Ohio (Chairman KASICH) and said, "If you only have the political courage to move forward and balance the budget by 2002, we will see the fastest peacetime economic expansion since the war."

What was the President's response? The President, who now talks about how he is this great fiscal disciplinarian, the President came out in 1995 and said balancing the budget by 2002 would destroy the economy, would wreck all the economic growth that we were fighting for.

I do not say this to say that the Republicans exclusively are responsible for this strong economy, or the fact that we are now playing surplus politics, because really, there is enough credit to go around.

What I am saying is there is a danger of us sitting here today in 1999 and re-writing history. There is a danger that we forget just how hard we had to fight this President, who was willing to veto every appropriation bill, shut down the government, turn around and blame it on us, because he said our plan to balance the budget by 2002 would destroy the economy.

Let me tell the Members, history has shown that we were right, and that, more importantly, Alan Greenspan's prediction in 1995 was correct. At the same time that the President was saying that balancing the budget in 7 years would destroy the economy, the Fed chairman was saying, "Go ahead. Do it. Damn the political torpedoes. Take that opportunity to balance the budget. The markets will respond."

As the last gentleman said, they have responded. Interest rates continue to fall, the stock market continues to explode, and the great news is that unemployment among minorities is dropping to a record low. Unemployment across the country is dropping to record lows. Again, I see this as a very, very positive sign that all the things that we fought for in 1995 were really worth fighting for.

I have to tell the Members, these past two Members who spoke are peo-

ple who came after 1995 and 1996, and when they team up with other conservative Democrats to join up with those of us that believe the deficit and the long-term debt really is a drag on the economy, I think that all things are possible as we go into this new century. Again, I am very, very encouraged.

IMPORTANT CHOICES: HOW TO USE EMERGING SURPLUSES IN FEDERAL GOVERNMENT FUNDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. DAVIS) is recognized for 5 minutes.

Mr. DAVIS of Florida. Mr. Speaker, I want to talk today about a very important choice before the Congress and before the United States. It has to do with how we use the surplus that has developed in the social security trust fund, and in the years ahead, the surpluses that will begin to develop elsewhere in the Federal Government if this economy continues to be as healthy as it has been.

I support the President's position that we take the lion's share of this surplus in the social security trust fund and use it to pay down the debt. Those of us who serve on the Committee on the Budget have the job to begin to sort through the fine print on this.

What is becoming clear is what the President has proposed is balanced. What the President has proposed is that as we pay down the debt, we will be protecting social security for the retirement of the baby boomers in the future. We will be protecting Medicare for the future as well.

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The position that we should be taking, the balanced position we should be taking is, if we want additional spending as a Democrat or Republican for education or other programs, we find a place to cut the Federal budget to fund that, but do not use the surplus. Let us pay down the debt first.

If we want to cut taxes, which we should do, find a place in the Federal Government to cut spending to support that tax cut, but do not use the surplus. Use the surplus to pay down the debt. This can be done.

We did it in 1997 with the Balanced Budget Act. We enacted tax cuts of over \$90 billion by cutting spending elsewhere in the Federal Government, not relying upon the lion's share of the surplus. That should go into paying down the Federal debt.

Let me talk about the very important fact of how this benefits all of us at home. As we begin to pay down the debt, we will continue to enjoy a very healthy economy.

Alan Greenspan who has testified before the House Committee on the Bud-

et has made it clear that, as the Federal Government borrows less and less, as more and more money is available in the private sector, interest rates will go down. Interest rates could go down as much as two additional points if we continue our course of fiscal responsibility and do as the President has advocated, use the lion's share of the surplus in the Social Security Trust Fund to pay down the debt.

What does that mean to us as the consumers? Look at the average mortgage, about \$115,000 in many parts of the country. One is paying \$844 every month on one's mortgage to keep one's home. If interest rates go down two additional points, that could mean a drop in one's monthly mortgage payment to \$689. That is \$155 in one's pocket that one did not have beforehand. One did not have to call one's accountant to figure out how to use the tax code to take that savings. It is money in one's pocket every month.

That is what low interest rates are about. That is what it is about when we talk about using the lion's share of the surplus in the Social Security Trust Fund to pay down the debt.

Let me give my colleagues another example. Many children and adults in this country have student loans. As interest rates drop in response to us paying down the Federal debt, it will have a positive impact on people that are working so very desperately to repay their student loans.

In many parts of the country, the average student loan rate is about 8¼ percent and a balance of about \$35,000. There are a lot of students and former students in this country that owe a lot of money to the Federal Government. If interest rates continue to decline as we pay down the debt, one can see as much as a \$385 drop per month in student loans. That is money in one's pocket. That is better than most of the tax cuts one will hear advocated up here.

We are doing it in a way that is responsible. We are paying down the Federal debt. We are protecting Medicare. We are protecting Social Security by doing the same thing that each of us does at home, which is try to keep our checkbook in order.

So I support the President's position that we use the lion's share of the surplus in the Social Security Trust Fund to pay down the debt. It is the right thing to do. It is good for Social Security. It is good for Medicare. It will help consumers at home. It will lower interest rates.

MAKE 1999 THE YEAR OF THE TROOPS

The SPEAKER pro tempore (Mr. BURR of North Carolina). Under a previous order of the House, the gentleman from Missouri (Mr. SKELTON) is recognized for 5 minutes.